

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
 d/b/a NATIONAL GRID AND CLEAR RIVER ENERGY : Dkt. 4737
 LLC (BURRILLVILLE INTERCONNECTION PROJECT) :

**JOINT RECOMMENDATION OF THE DIVISION OF PUBLIC UTILITIES
AND CARRIERS, OFFICE OF ENERGY RESOURCES AND THE DIVISION OF
PLANNING OF THE DEPARTMENT OF ADMINISTRATION**

Pursuant to R.I. Gen. Laws § 42-98-9(d), the Energy Facility Siting Board (“EFSB” or “Board”) has requested the Public Utilities Commission (“Commission”), with the assistance of the Division of Public Utilities and Carriers (“Division”), Office of Energy Resources (“OER”) and the Division of Planning of the Department of Administration (“Planning”)¹, to render an Advisory Opinion as to the “need” for constructing a 6.8 mile, 345 kilovolt (kV) transmission line to connect the Clear River Energy LLC (“CRE”) facility to the Sherman Road Switching Station (the “Project”).² Preliminary Decision and Order No. 114 at 1. While the EFSB recognized that an assessment of “need” was required by law, the Board acknowledged that a need for the Project would only arise if CRE’s “...application to construct a combine-cycle electric energy generating facility in Burrillville, Rhode Island, which is presently pending before the Board, [were] approved.” Id. at 7. Within this “need” standard, the EFSB directed the Commission to determine whether the proposed construction and operation of the Project will be done at the lowest, reasonable cost to retail customers, by way of reasonable alternatives

¹ The Division, OER and Planning are referred to collectively hereinafter as the “Recommending Parties”.

² The Project is more fully described at Lines 10-22 in the Direct Testimony of David J. Beron, P.E., P.M.P.

(including non-wires alternatives). Id. at 8.³ Pursuant to Order No. 114 and R.I. Gen. Laws § 42-98-9(d), the Recommending Parties jointly submit the following as their recommendation to the Commission on these issues.

The Need for the Project

The Commission has found that the Utility Restructuring Act of 1996 effectively repealed by implication the much older need assessment of the provision of the Energy Facility Siting Act. Advisory Opinion to the Energy Facility Siting Board Pursuant to Section 42-98-9(D) of General Laws of Rhode Island, Docket No. 3094, Order No. 16388, 7 (2000). In the post-restructuring era, the “need” for generation plants is determined by the marketplace. Id.

The Commission has also recognized that Rhode Island’s electricity markets are fully integrated with the New England electricity market. In Re: Need Assessment to Construct a Gas Fired Power Generating Facility, Docket No. 3094, DPUC Advisory Opinion at 4. Where the free market has determined there is a “need” for a generation facility, the integrated nature of the New England market requires connecting that facility into the regional transmission system. *Ipso facto* there is a “need” for a transmission project, when the market has determined there is a need for constructing a generation facility in a region, the EFSB has approved the facility’s application, and the facility is constructed. See Advisory Opinion to the EFSB supra at 7.

In their direct testimony and filing the applicants, The Narragansett Electric Company d/b/a National Grid (“National Grid”) and CRE (collectively the “Applicants”), acknowledge the narrow scope of the Commission’s review of the pending application. Namely, the Project can

³ The Recommending Parties have not retained an expert witness to review the application or to submit an expert opinion on the “need” or “cost” issues.

only proceed if the application to construct a combined-cycle energy generating facility in Burrillville is approved and the facility is built. Beron Direct Testimony at 7.

Based on this contingency and the integrated nature of the New England electricity market, the Recommending Parties believe that the Commission should find there is a “need” for the Project. If CRE’s generation facility is approved by the EFSB and constructed, then there will be a “need” to connect the facility to the regional transmission system by means of the Project.

**Construction and Operation of the Project at the
Lowest Reasonable Cost to Retail Customers by Way of Reasonable
Alternatives (Including Non-Wires Alternatives)**

In their Direct Testimony, the Applicants state that National Grid “has prepared conceptual grade estimates of the cost of the Project costs.” Direct Testimony of David J. Beron at 6. According to the Applicants, the estimated cost of the Project is \$47.2 million, and, more importantly for purposes of this Recommendation, the Applicants state:

Clear River Energy LLC is solely responsible for all costs of the Project, including future operation and maintenance costs for the new 3052 Line.

Id. at 6. See also Application at 4, Para. 10. To the same effect, Mr. Reardon testifies that CRE will be responsible for all three components of the Project’s construction costs, see Direct Testimony of Kevin C. Reardon at 2-4, as well as all reasonable expenses including overheads, associated with:

(1) Owning, operating, maintaining, repairing and replacing [CRE’s] Interconnection Facilities, and (2) operation, maintenance, repair and replacement of [National Grid’s] Interconnection Facilities [and Network Upgrades...]”

Id. at 4.

The costs of the project then do not present a financial risk that will be borne by National Grid's retail customers or ratepayers. Rather, CRE will bear the entire financial risk of the Project's success or failure.⁴

Conclusion

For the foregoing reasons, the Recommending Parties recommend that the Commission find there is a "need" for the Project, and that, from a retail customer perspective, the costs associated with the Project's construction, operation and maintenance are the lowest reasonable costs by way of reasonable alternatives (including non-wires) as CRE alone will bear all these costs.

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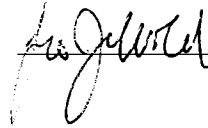
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⁴ On January 23, 2018, CRE withdrew the complaint that it had filed at FERC to recover O&M Costs associated with the Network Upgrades for the interconnection. The withdrawal of any pleading is effective at the end of 15 days from the date of filing of a notice of withdrawal, if no motion in opposition to the notice of withdrawal is filed within that period and FERC does not issue an order disallowing the withdrawal within that period. National Grid Response to Division Data Request No. 1-2. This recommendation is made subject to the effectiveness of CRE's withdrawal.

CERTIFICATE OF SERVICE

I certify that a copy of the within document was forwarded by e-mail to the Service List in the above docket on the 13th day of February, 2018.

A handwritten signature in black ink, appearing to read "A. J. White", is written over a horizontal line.